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CVPS Docket No. 7336  
June 23, 2008  
Page 1 of 18

June 12, 2007

Ms. Susan M. Hudson, Clerk  
Public Service Board  
Chittenden Bank Building, 4<sup>th</sup> Floor  
112 State Street  
Post Office Drawer 20  
Montpelier, Vermont 05620-2701

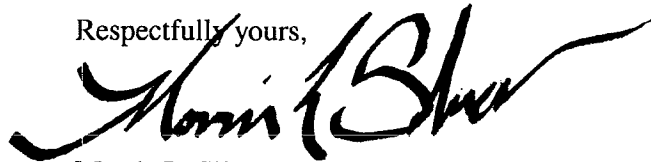
Re: Docket No. 7336  
Petition of Central Vermont Public Service Corporation for Approval of an Alternative  
Regulation Plan Pursuant to 30 V.S.A. § 218d

Dear Ms. Hudson:

Enclosed for filing please find the original and six copies of a Stipulation entered into by  
and between Central Vermont Public Service Corporation ("Central Vermont") and the  
Conservation Law Foundation concerning Central Vermont's proposed Alternative Regulation  
Plan now pending approval in the above referenced matter.

Should you have questions concerning this filing, please do not hesitate to contact me. In  
the meantime I remain,

Respectfully yours,



Morris L. Silver  
Counsel for Central Vermont Public Service  
Corporation

MLS/m  
Enclosures  
cc: Parties of Record

STATE OF VERMONT  
PUBLIC SERVICE BOARD

Docket No. 7336

Petition of Central Vermont Public Service     )  
Corporation for Approval of an Alternate     )  
Regulation Plan Pursuant to 30 V.S.A. § 218d    )

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STIPULATION

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I.     Introduction

This Stipulation sets forth the agreements reached between Central Vermont Public Service Corporation (“CVPS,” “Central Vermont,” or the “Company”) and the Conservation Law Foundation (“CLF”) (together the “Parties”) concerning the proposed CVPS Alternative Regulation Plan that is the subject of the above referenced proceeding.

1.     On August 31, 2007, Central Vermont filed a petition requesting approval for a proposed Alternative Regulation Plan pursuant to 30 Vermont Statutes Annotated (“V.S.A.”) § 218d.
2.     Following a period for informal discovery and settlement efforts, on March 28, 2008 CVPS filed supporting testimony and exhibits including a modified proposed Alternative Regulation Plan (the “CVPS ARP” or “Plan”). *See* Exhibit CVPS-WJD-2.
3.     After a schedule enlargement, the Parties reached the agreements set forth in this Stipulation.

II. Agreements Regarding the Approval of the CVPS ARP

4. CLF agrees to support the approval of the CVPS ARP, and the implementation of the initiatives described below, before the Public Service Board (the “Board” or “PSB”).

5. CVPS commits to offer to purchase power from any new SPEED Project<sup>1</sup> which could be accomplished through the filing of the Community Generation Tariff (a copy of which is appended to this Stipulation as Attachment A) or by contract on comparable terms.

6. CVPS commits to work with interested stakeholders to develop a mechanism to help customers obtain third party financing for the installation of new on-premises renewable generation. Stakeholders may include but are not limited to CLF, VEIC, REV, and other entities interested in partnering with CVPS as part of this initiative. As a part of this initiative:

a. CVPS will provide limited administrative support from appropriate personnel (*e.g.*, attorneys, employees familiar with the process of interconnection and establishment of applicable accounts) to meet with banks and other potential providers of financing, including stakeholders, and will exert good faith efforts to develop a “package” of information (*e.g.*, financing applications, descriptions of project types, etc.), referral procedures and other similar actions that can assist project developers to finance new on-premises renewables.

b. CVPS will explore with stakeholders the steps to be taken to help overcome barriers to the introduction of new on-premises renewables subject to the principles that: (i) the costs attendant with on-premised renewables are not considered barriers *per se*; and (ii) to the extent the gross output of a facility is not sold to the

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<sup>1</sup> As used in this Stipulation, the term “SPEED Project” shall mean a generating resource that meets the definitions set forth in 30 V.S.A. § 8002(5) and PSB Rule 4.303.

Company at wholesale, service of the customer's remaining load (not served by such on-premises facility) will be billed at otherwise applicable tariff rates consistent with the Company's rate design plan filed under Docket No. 7095.

c. The Company would review and improve as appropriate its protocol to guide the customer through the process of interconnection and establishment of applicable CVPS accounts.

7. CVPS commits to work with the Energy Efficiency Utility ("EEU") and the Vermont Department of Public Service (the "Department" or "DPS") to develop and implement an EEU program to promote the installation of societally cost-effective:

- a. solar thermal hot water systems;
- b. small Combined Heat and Power ("CHP") installations in residential and small Commercial and Industrial ("C&I") markets, especially in locations as identified through the Docket No. 7081 Vermont State Planning Committee ("VSPC") process; and
- c. other specific market niches of interest to CVPS including cost-effective heat pumps (that do not incorporate electric resistance heat back up, including electric resistance heat for defrosting coils).

Further CVPS and CLF agree that they will support PSB authorization/appointment for the Efficiency Utility to provide such services, and CVPS agrees to provide timely, efficient and effective support in its policies and practices for the EEU's provision of such services.

8. Central Vermont commits to seek and recommend that a portion of its 2008 NEIL credit and its 2007 ANI amounts related to Vermont Yankee be devoted to funding a collaborative process with CLF, REV and other interested parties promptly to identify barriers to the development of CHP in targeted areas of CVPS's service territory (including review of

company-wide policies and practices that may create barriers subject to the principle that (i) the costs attendant with CHP are not considered barriers *per se*; and (ii) to the extent the gross output of a facility is not sold to the Company at wholesale, service of the customer's remaining load (not served by such CHP facility) will be billed at otherwise applicable tariff rates consistent with the Company's rate design plan filed under Docket No. 7095) and to seek reasonable solutions to help eliminate such barriers. CVPS will provide any "lessons learned" to other Vermont utilities to help them facilitate similar processes. While this collaborative effort will focus on location-specific activities within targeted parts of the CVPS service territory, the identification and elimination of company policy and practice barriers are intended to address company-wide policies and practices (exclusive of incentives or other special activities being pursued within the target areas).

9. Provided that the CVPS ARP is approved substantially as filed, Central Vermont commits to full implementation of Automated Metering Infrastructure ("AMI") as fast as it reasonably can under a timetable to be approved by the Board as a part of an AMI implementation schedule to be filed as a compliance filing in this investigation. As a part of this initiative:

a. Upon approval of this Stipulation, CVPS will start a process to swiftly reach an accord with the DPS on the policy issues associated with AMI (within the Docket No. 7307 process or independent of that process). The goal of this process will be to remove regulatory barriers to the Company's implementation of AMI to permit implementation in accordance with the goals provided in the time line appended to this Stipulation as Attachment B.

b. As a part of this process CVPS commits to the development of an AMI implementation plan that:

- i. sets out a detailed timeline for AMI implementation activities;
- ii. includes agreements to introduce demand/load response programs for residential, C&I and Industrial customers consistent with the Company's rate design plan filed under Docket No. 7095;
- iii. includes a commitment to work with the EEU as a part of its planning for the introduction of AMI to develop and implement an integrated approach to using AMI to support demand response and efficiency goals; and
- iv. Includes cost-justified dynamic pricing where appropriate and consistent with the Company's rate design plan filed under Docket No. 7095.

c. Central Vermont's AMI plan will be filed with the Board for approval as a part of the CVPS ARP within six months of the approval of this Stipulation. This filing will also address:

- i. cost recovery issues associated with the implementation of AMI;
- ii. cost recovery for metering and related plant to be removed from service as a part of the AMI plan subject to the principle that CVPS can recover its costs and investments attendant with these assets as it otherwise would have absent the introduction of AMI; and
- iii. the purpose of Attachment B is to provide for information purposes a description of the Parties' anticipated time line for the implementation of AMI within the CVPS service area.

d. CVPS agrees to share lessons learned on AMI with other utilities and to explore multi-utility opportunities in Docket No. 7307 or as otherwise appropriate.

### III. General Terms and Conditions

10. The Parties agree that this Stipulation relates only to these Parties and should not be construed by any party or tribunal as having precedential or any other impact on proceedings

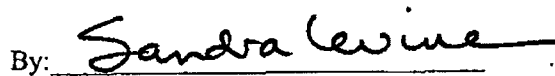
involving other utilities. The Parties have made compromises on specific issues to reach this Stipulation. The Stipulation shall not be construed by any party or tribunal as having precedential impact on any future proceedings involving the Parties except as necessary to enforce the terms and condition of this Stipulation. The Parties reserve the right in future proceedings to advocate positions that differ from those set forth in this Stipulation, and this Stipulation may not in any future proceeding be used against any party except as necessary to enforce the Parties' rights and obligations under this Stipulation.

DATED at RUTLAND, VERMONT this 12<sup>th</sup> day of June, 2008.

CENTRAL VERMONT PUBLIC SERVICE CORPORATION

By: 

CONSERVATION LAW FOUNDATION

By: 

**Attachment A**

Community Generation Tariff



CENTRAL VERMONT PUBLIC SERVICE CORPORATION  
COMMUNITY GENERATION SHORT-TERM ENERGY PURCHASE

**AVAILABLE:** Throughout the Company's service area to Customer-Generators that meet the definition of: (1) a generating facility that meets the definition of a qualifying facility under 30 V.S.A. § 209(a)(8); (2) a "qualifying SPEED resource" within the meaning of 30 V.S.A. § 8002(5); or (3) a "nonqualifying SPEED resource" within the meaning of 30 V.S.A. § 8002(6).

**APPLICABLE:** The following rates, terms and conditions are applicable to the purchase of the gross electrical output of electric energy, including any ancillary products or services, renewable energy certificates ("RECs") and emerging products from Customer-Generators located within the Company's service area and interconnected to the Company's electric system as an independent power producer, not a net metered installation.

**SERVICE CONTRACT:** The Company may require that a Customer-Generator enter into a service contract with Company confirming the Customer-Generator's willingness to enter into a supply arrangement with the Company pursuant to this Tariff.

**PURCHASES FROM CUSTOMER-GENERATORS:** The Company shall purchase, during such periods as the Customer-Generator determines, Energy, Ancillary Services, RECs and Emerging Products offered for sale by any Customer-Generator with a facility located within the Company's service area

**ENERGY RATE:** Energy delivered to the Company by a Customer-Generator pursuant to this Tariff shall be priced at 95% of the Locational Marginal Price of the applicable generation asset number and node number as published by ISO New England, Inc. ("ISO-NE"), or its successor, and reflected in its Settlement Reports published monthly.

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COMMUNITY GENERATION SHORT-TERM ENERGY PURCHASE

ANCILLARY

SERVICES RATE: The Company shall also pay the Customer-Generator 95% of the value, if any, for the following Ancillary Services delivered by the Customer-Generator to the Company pursuant to this Tariff: Capacity, Ten Minute Spinning Reserve, Ten Minute Non-Spinning Reserve, Thirty Minute Operating Reserve and Automatic Generation Control.

The value of any Capacity attributable to the Customer Generator's facility shall be established by reference to the monthly ISO-NE deficiency auction price, or comparable capacity price if current ISO-NE market rules regarding capacity change.

It shall be incumbent upon the Customer-Generator to show that any of the above listed Ancillary Services are attributable to the Customer-Generator's facility and have a market value. Once a Customer-Generator establishes the forgoing, it shall be incumbent on the Company to purchase said Ancillary Services. The purchase price for these Ancillary Services shall be established in the same manner as the purchase price for Emerging Products set forth below.

REC RATE: Tradable renewable energy certificates ("RECs") or generation information system certificates ("GICs") describing or reflecting the renewable attributes of the Facility's output which a Customer-Generator may offer for sale to the Company under this Tariff shall be priced at 95% of the certificates' value. The purchase price for these attributes shall be established in the same manner as the purchase price for Emerging Products set forth below.

EMERGING  
PRODUCTS  
RATE:

In the event that new market products are created or subsequent developments give rise to additional attributes or Ancillary Services associated with the Customer-Generator's facility, for example Vermont RECs ("Emerging Products"), or the Company begins to trade additional attribute or Ancillary Services, the Company shall purchase such Emerging Products if offered for purchase by the Customer-Generator at rates determined by the Company in accordance with the following principles:

1. The Customer-Generator shall receive 95% of the sale price, net of transaction costs or broker commissions, and the Company shall receive 5%.
2. The Company shall seek to obtain the maximum value possible for

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COMMUNITY GENERATION SHORT-TERM ENERGY PURCHASE

the Emerging Products without regard to jurisdiction, *i.e.*, if the Facility qualifies for Connecticut and Massachusetts RECs and the Connecticut RECs have a higher value, the RECs shall be resold by the Company as Connecticut RECs.

3. If a transparent market for the Emerging Product exists, and there is a material volume of the product traded in said market, the average price paid for the Emerging Product in said market shall be the assumed value of the Emerging Product.
4. If a transparent market for the Emerging Product does not exist or there is an immaterial volume of the Product traded in said market, the Company may decline to purchase said product from the Customer-Generator.
5. If no market exists for the Emerging Product, the price for said product shall equal \$0.

BILLING AND  
PAYMENT:

Invoices for the products delivered to the Company pursuant to this Tariff shall be prepared by the Company and shall be calculated and forwarded to the Customer-Generator at least monthly by the Company. Where the sale and purchase of a product (*e.g.*, RECs) does not settle within the month due to the operation of the market for said product including any applicable ISO-NE Market Rules, the Company shall produce the invoice for said product within the month when the sale and purchase of said product is settled. Note, for example, that there is about a three month lag between the end of a production quarter and the start of the open REC trading period for that quarter, which trading period lasts about three months. The Company shall calculate and submit to the Customer-Generator a final invoice within thirty (30) days after termination of the Customer-Generator's sale of products to the Company hereunder. The Company shall pay each such invoice within 30 working days after its forwarding to the Customer-Generator. In the event that the Company fails to make payment when due, and remains delinquent for more than thirty (30) days, the Customer Generator may pursue all legally available remedies.

CUSTOMER-  
GENERATOR  
OPERATIONS:

From the time that deliveries of products commence, the Customer-Generator shall operate its facility in a manner that gives due consideration to prudent electrical, operating, and business practices. To the extent that the generating facility is not dispatched by an independent

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authority, the Customer-Generator shall, whenever practical, give the Company reasonable advance notice of any changes in operations and shall cooperate with the Company. All operations and deliveries shall be subject to the rules and regulations of ISO-NE or its successor. Should the actions of the Customer-Generator give rise to the assessment of any costs, sanctions or charges by ISO-NE or its successor, the Customer-Generator shall be solely responsible for the timely payment of such costs or charges. The Customer-Generator shall be subject to the authority of the Public Service Board to require that all operations be managed to promote the public interest.

CUSTOMER-  
GENERATOR  
MAINTENANCE:

A Customer-Generator shall operate and maintain its facility in accordance with good engineering and construction practices, and in accordance with applicable laws, ordinances, regulations, licenses and permits.

CENTRAL VERMONT PUBLIC SERVICE CORPORATION  
COMMUNITY GENERATION SHORT-TERM ENERGY PURCHASE

CUSTOMER-  
GENERATOR

**CERTIFICATION:** Customer-Generators shall obtain and maintain in full force and effect all requisite federal, state or local permits, licenses, approvals or other governmental authorizations including, without implied limitation, a certificate of public good from the Vermont Public Service Board. Upon request, a Customer-Generator shall provide the Company copies of any such permits, licenses, approvals or other governmental authorizations.

LIABILITY AND  
WORKERS'  
COMPENSATION  
INSURANCE:

The Customer-Generator shall maintain in full force and effect policies providing general liability insurance, less only reasonable deductibles, to pay all sums which Customer-Generator may legally be obligated to pay as damages for bodily injury and/or property damage sustained as a result of negligence. The Customer-Generator shall maintain a policy or policies in the minimum amount of One Million Dollars (\$1,000,000.00), less a reasonable deductible for self-insured amount not to exceed Twenty-Five Thousand Dollars (\$25,000.00) for each occurrence, at all times when sales to the Company are being made pursuant to the Tariff, and shall provide certificates of such insurance to the Company prior to the commencement of any such sales.

The Customer-Generator shall maintain in full force and affect a policy or policies of insurance sufficient to insure is obligations under workers' compensation law.

The Customer-Generator shall provide the Company a certificate or certificates of insurance for each policy required hereunder, naming the Company as an additional insured, in a form agreeable to the Company that shall remain in effect at all times when sales to the Company are being made pursuant to the Tariff.

Should Customer-Generator fail to provide the insurance required pursuant hereto, nothing shall release the Customer-Generator of the obligation to pay any claims that arise hereunder.

Upon request, the Customer-Generator shall provide the Company a copy of each insurance policy required hereunder.

**AMENDMENTS:** The Company reserves the right to file amendments to this Tariff from time to time and nothing herein shall be construed to create any

CENTRAL VERMONT PUBLIC SERVICE CORPORATION  
COMMUNITY GENERATION SHORT-TERM ENERGY PURCHASE

entitlement or vested right on the part of a Customer-Generator to the rates, terms or conditions hereof.

DISPUTE

RESOLUTION:

The Public Service Board shall have primary jurisdiction to resolve disputes between the Customer-Generator and the Company concerning the construction of the provisions of this Tariff and any other matters arising under this Tariff within the Board's jurisdiction. The Vermont Department of Public Service shall be entitled to participate as a party in any such proceeding. Nothing in this provision shall be deemed to preclude the Company and the Customer-Generator from endeavoring to resolve any dispute between them on an amicable basis.

REACTIVE

POWER:

The Company reserves the right to measure reactive power delivered to the Customer Generator. The Customer-Generator shall maintain a minimum power factor level as referenced in this Tariff. Failure to maintain at least that level shall result in additional billing in accordance with the provisions of the Customer-Generator's applicable rate as contained in this Tariff.

ELECTRIC  
SERVICE:

Should the Customer-Generator fail to pay for its electric service in accordance with this Tariff, or fail to properly contest any bill for said service in accordance with the terms of said tariff or the rules of the Public Service Board, the Company may, at its sole option and without incurring any interest or penalty on account thereof, setoff payment for the products produced at the Facility until such time as the Customer-Generator's electric service account is paid in full.

DURATION OF  
SALE AND  
PURCHASE:

Sale of products under the tariff shall be for a minimum term of six months and shall continue on a month to month basis unless or until the Customer-Generator provide at least thirty (30) days prior written notice to the Company of its intent to terminate the sale of some or all products produced at the Facility.

Notwithstanding any other provision of this Tariff to the contrary, to the extent that the Company's obligation to provide electricity to customers at retail within its franchised service territory ceases or is otherwise limited on account of the introduction of customer choice and retail access or otherwise, the Company's obligations under this Tariff may be terminated at the Company's discretion, and if termination occurs the Company shall

CENTRAL VERMONT PUBLIC SERVICE CORPORATION  
COMMUNITY GENERATION SHORT-TERM ENERGY PURCHASE

not be liable to the Customer-Generator for any amount howsoever arising except past charges for products delivered to the Company hereunder.

In the event the Company is an issuing party of any request for power supply proposals nothing in this Tariff shall prevent the Customer-Generator from responding to such requests. The Customer-Generator is encouraged to submit a good faith proposal in accordance with the terms of the request. In the event that a supply arrangement is consummated by and between the Customer-Generator and any issuing party of a request in which the Company participated as an issuing party, the six month minimum term for sales under this Tariff shall not apply.

CENTRAL VERMONT PUBLIC SERVICE CORPORATION  
COMMUNITY GENERATION SHORT-TERM ENERGY PURCHASE

**NOTICE:** Any notice, demand, or request required or authorized in connection with this Tariff shall be in writing and shall be deemed properly given if delivered in person or sent by certified mail, return receipt requested, to the Company at the following address:

Director, Power Supply  
Central Vermont Public Service Corporation  
77 Grove Street  
Rutland, Vermont, 05701

**COOPERATION:** A Customer-Generator shall cooperate with the Company, as the Company may reasonably request from time to time, in connection with the certification of the Facility for purposes of ISO-NE recognition, including but not limited to, Facility generation, facility capacity, or RECs. The Company shall cooperate with the Customer-Generator, as the Customer-Generator may reasonably request from time to time, in connection with the permitting of the Facility, the making of improvements to the Facility, and certification of the Facility as necessary for purposes of recognition for Facility RECs or other Emerging Products.

**INTER-  
CONNECTION:** The sale and purchase of products of the Customer-Generator's facility shall not commence until the Customer-Generator has entered into an interconnection agreement that provides for the interconnection and operation of the facility with the Company's electric system. Said agreement shall also establish the terms and conditions for the metering of the products to be delivered to the Company hereunder in a manner that conforms to applicable requirements including without implied limitation the rules of the ISO-NE.



**Attachment B**

AMI & MDMS Project Time Line

# AMI & MDMS Project Time Line - DRAFT

CVPS Docket No. 7336  
June 23, 2008

Exhibit CVPS Rebuttal PJK/RDC 6

AMI Plan Order: 18 of 18

- I. Detailed timeline
- II. Functionality
- III. EEU Planning
- IV. Cost recovery
- V. Demand response
- VI. Consumer education

